



WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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CM/ACM KS
Budget VG
DA -
Comptroller -
HR -
Other n/a

STAFF REPORT

BOARD MEETING DATE: June 9, 2015

DATE: May 26, 2015
TO: Board of County Commissioners
FROM: Kevin Schiller, Assistant County Manager
328-2008, kschiller@washoecounty.us
THROUGH: John Slaughter, County Manager
328-2060, jslaughter@washoecounty.us

SUBJECT: Approve a Resolution authorizing a short term (less than 12 months) interfund Loan not to exceed \$3,000,000 from the General Fund to the Child Protective Services Fund for the purpose of funding department operations pending receipt of Federal reimbursements and direct the Comptroller to make the appropriate adjustments. (All Commission Districts)

SUMMARY

Approve a Resolution authorizing a short term (less than 12 months) interfund Loan not to exceed \$3,000,000 from the General Fund to the Child Protective Services (CPS) Fund for the purpose of funding department operations pending receipt of Federal reimbursements and direct the Comptroller to make the appropriate adjustments. (All Commission Districts)

Washoe County Strategic Objective supported by this item: Sustainability of our financial, social and natural resources.

PREVIOUS ACTION

No previous action

BACKGROUND

The majority of the Department of Social Services' Federal and State funding streams are on reimbursement basis; expenditures are incurred "up front," and subsequently a monthly or quarterly reconciliation is prepared after the close of the billing period. Typically those invoices and supporting materials take most of the month following the end of the billing period, for the gathering and analyzing of data, auditing and preparing the documentation and invoicing for the costs.

The most significant programs include child placement costs which are reimbursed by the Federal government in the approximate range of 65%; certain adoption costs reimbursed in the range of 85%; and allowable administrative costs reimbursed generally in the range of

AGENDA ITEM # 35

50%. Typically, our monthly reimbursement invoices are in the \$1.1 million range and our typical quarterly invoice is in the \$1.4 million range.

The Board of County Commissioners has adopted an approximate fund balance target of 8% in the general fund, which equates to approximately a one month cash reserve. Although the CPS fund attempts to maintain a similar fund balance for operations, occasionally during the operating year, particularly around fiscal year end and the beginning of the new fiscal year, this reserve can dip below the 8% range, putting the fund into cash flow deficiencies until reimbursements are received.

The department currently has invoiced and not yet been reimbursed in the total amount of approximately \$1.7 million. That reimbursement is pending and covers the expenditure period through March 31, 2015. The April 2015 invoice in the approximate amount of \$1.1 million was submitted on May 22, 2015 with the final quarter expenditure reimbursements being submitted in late July. The Department continues to work with the State of Nevada to expedite reimbursements; however the loan is to insure sufficient cash flow in a worst case scenario and will only be utilized as needed.

Approving an interfund loan, from the General Fund in support of cash flow in the CPS fund, would allow the department to secure operating cash until reimbursements are received. There is sufficient operating budget authority and anticipated operating reimbursements, pending receipt, to support the CPS fund within adopted budget.

FISCAL IMPACT

The interfund loan, not to exceed \$3,000,000, will not have a significant fiscal impact on the General Fund. The General Fund can finance the short term loan and the CPS fund can repay the loan within the 6 month term if not sooner based on expedited reimbursements.

RECOMMENDATION

Approve a Resolution authorizing a short term (less than 12 months) interfund Loan not to exceed \$3,000,000 from the General Fund to the Child Protective Services Fund for the purpose of funding department operations pending receipt of Federal reimbursements and direct the Comptroller to make the appropriate adjustments.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to approve a Resolution authorizing a short term (less than 12 months) interfund Loan not to exceed \$3,000,000 from the General Fund to the Child Protective Services Fund for the purpose of funding department operations pending receipt of Federal reimbursements and direct the Comptroller to make the appropriate adjustments".

RESOLUTION

**A RESOLUTION AUTHORIZING AN INTERFUND LOAN FROM THE
GENERAL FUND (100) TO CHILD PROTECTIVE SERVICES FUND (228)**

WHEREAS, the General Fund of the County (Fund 100) has sufficient unrestricted cash resources to finance a short-term interfund loan in an amount not to exceed \$3,000,000 without adversely affecting its cash needs; and

WHEREAS, the Child Protective Services Fund (Fund 228) is in need of a short-term cash loan to cover a temporary cash flow problem due to late reimbursements and payments due from the State and Federal governments; and

WHEREAS, an interfund loan from the General Fund in the amount of \$3,000,000 will not in any way adversely impact the economic viability of the General Fund.

NOW THEREFORE BE IT RESOLVED, by the Board of County Commissioners of the County of Washoe, State of Nevada:

Section 1. The County Comptroller is hereby directed to make transfers on an as needed basis not to exceed \$3,000,000 from the General Fund (Fund 100) to the Child Protective Services Fund (Fund 228) to cover a temporary cash flow problem.

Section 2. The cash interfund transaction for this loan is as follows:

	<u>Debit</u>	<u>Amount</u> <u>Credit</u>
<u>General Fund (Fund 100)</u>		
Due from Child Protective Services Fund (Fund 228)	\$3,000,000	
Cash		\$3,000,000
 <u>Child Protective Services Fund (Fund 228)</u>		
Cash	\$3,000,000	
Due to General Fund (100)		\$3,000,000

Section 3. The term of the interfund loan shall be 6 months, commencing on the day of the first transfer, to be repaid on or before 6 calendar months.

Section 4. Interest will be charged at the rate of 0 % per year on the outstanding balance of the loan.

Section 5. This Resolution shall be effective on passage and approval and will remain in effect until May 31, 2016.

Section 6. The County Clerk is hereby directed to distribute copies of the Resolution to the Department of Taxation, Comptroller, and the Budget Division.

Adopted this _____ day of _____, 2015.

Chairman, Washoe County
Board of County Commissioners

ATTEST:

County Clerk